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CORPORATE SERVICES DEPARTMENT Certified Council Resolution

6th Ordinary Council Meeting held on May 28, 2020

LM 669/05/2020

A-441 COUNCIL RESOLUTION: ANNUAL BUDGET FOR 2020/23

RESOLVED AS FOLLOWS:

- 1) That Council **NOTED** the report of the Executive Mayor regarding a funded budget for 2020/23 MTREF budget for 2020/21. That the operating and capital budget as per attached A1-A8 tables, as per the 2020-2023, A schedule **APPROVED** and **BE IMPEMNTED** from the 1 July 2020
- 2) That some of the principals that was contained in Council resolution A 429 dated 26 April 2020 as per the draft budget, as amended hereunder **BE APPROVED** as part of the 2020/21 MTREF budget Financial recovery plan to **BE IMPLEMENTED** from 1 July 2020
 - 2.1 ***The principle that we do not spend what we do not have to be applied at all times without fail.***
 - a) That the principal not to spend on the approved available budget but that spending be concluded per the available cash flow **BE CONTROLLED and BE ENFORCED** by the cash flow committee.
 - b) That a fixed amount to offset creditors retention and land fill site provision, (R 106 million for the financial year or R 8,9 million per month) **BE SET ASIDE** for the next 12 months and a long term repayment plan for the balance of creditors **BE NEGOTIATED** to be included in future operational budgets;
 - c) That Eskom payments regarding current and payment plan accounts **MUST BE** honoured at all times before any operational orders can be issued.
 - d) That a procurement plan **BE DRAFTED** and approved by the Cash flow committee before the start of the financial year and that spending of the operational and internal funded capital budget be spread evenly over the period of 12 months, controlled by the Directors and the Finance department.
 - i. That expenditure orders issued, in the process of cash flow control, **BE PRIORITISED** to serve income generating departments and emergency services (Fire department) in the quest to ensure basic service delivery, until such time that the cash flow stabilise. This imply that certain departments will **NOT PERFORM** on peak, if cash flow is not available.

- ii. That the Accounting officer BE ALLOWED to determine critical positions based on vacancies that have originated from the 2019/2020 or become vacant in the 2020/21 financial year. That all vacant position not indicated as critical be "Frozen" and a moratorium on appointments be called for 2020-2021 on any such position not recorded as critical. Such a report must BE APPROVED by Council
- iii. That the Accounting officer BE REQUESTED to submit a report on any new or critical position that is to BE FUNDED from an additional R 5 million to be set aside under the Municipal Managers functional vote for this purpose. That the new positions BE CONSIDRED during July 2020 and BE APPROVED to enhance the current approved Council organogram
- iv. **Property rates: 2020/2025 Valuation roll:** That it BE NOTED that the latest certified valuation roll was received on 17 March 2020. That the values of the property increased between 20-30%.
- v. That resolution 444 (LM 444/08/2019) paragraph 2 be with corrected and amended as follows : "That Council DETERMINED the 1 July 2020 (not the 1 July 2021 as per the former Council resolution) as the date of valuation in terms of section 31 of the Municipal property rates act (Act 6 of 2004)
- vi. Property rates increases to BE MINIMISED to be charged on the increased value with a 3% percentage annual increase to be considered as to ensure that the budget is cash backed.
- vii. That the current revenue forgone allowing owners not to pay assessment rates for the first R 55 000 of the property value BE SET ASIDE from the 1 July 2020_ for property owners who is not registered indigents and BE TAXED IN FULL above the R 15 000 per erf (impermissible value not taxable as per the MPRA)
- viii. That the registered indigent threshold for property rates, not payable BE INCREASED from R 55 000 to R 70 000 as this is the current valuation for a RDP house as per the Council's appointed valuer.
- ix. That a full scale meter audit BE COMMENCED with in July 2020 by the Technical department and that the replacement or installation of those erven which is not metered, where nil or very little consumptions are recorded BE UNDERTAKEN and that meters be replaced.
- x. That the matter of 9000 plus stands where prepaid is installed but where no consumption is registered BE INCLUDED in the meter audit as to ensure that revenue is improved. That monthly reports on progress of the meter audit, meter management and the installation as part of the financial recovery plan –Revenue enhancement BE SUBMITTED by the Technical and the Finance departments to the respective section 80 committees.
- xi. Accounts to be posted by Bulk Sms and emails need to receive serious attention .That all departments and ward councillors BE INCLUDED in the drive to improve data on the financial system.
- xii. That a data collection form BE DEVELOPED, BE SUBMITTED , BE RECOVERED from the stand/erf owner and all the different departments BE REQUESTED to visit business and households (ward councillors) , or to assist in phoning to update personal data for example ID numbers (copy to be submitted) , cell phone numbers , emails , car registration numbers etc. to ensure that the accounts on the system is verified.

- xiii. That the salary increase determined at 6, 25% as per SALGA circular 02/2020 **BE IMPLEMENTED** from the 1 July 2020 for the general administration
- xiv. That it **BE NOTED** that Municipal managers, senior managers and Councillors increases are not subject to the Salary and wage agreements that was agreed upon by SALGA. That a provision of 4, 5% for Councillors and 6, 25% for Directors were provided within the final budget increase. To **BE CONSIDERED** at date as determined per the Remuneration of office bearers act.
- xv. That it **BE NOTED** that the Bulk purchases and the increase of revenue (tariffs) is based for electricity on a budgeted purchase and selling price of 8, 76% as per MFMA 99 dated March 2020 .This was informed per MFMA circular 99 issued in March 2020. That the Council note that an application for a 10% increase were submitted in May 2020 , to **BE FINALLY** determined by NERSA for implementation .
- xvi. That the Council **TO CONSIDER, as a principle to reintroduce Ripple control (switching off of geysers etc.)** , controlled centrally or in the event that Eskom do not interfere , as in the case of Govan Mbeki and Lekwa municipality **introduce internal load shedding to reduce the accounts payable** to align with the available cash flow that the municipality generates
- xvii. That it **BE NOTED** that the cost for bulk purchase for water , in absence of any directive was fixed at 6%
- xviii. That **Overtime** in the amount of R 21 million **BE REDUCED** with R 15 million, **leaving an available amount of R 6 million for the 2020/2021 financial year** .That Directors need to plan and pre-approve overtime as demanded by mScoa. That no overspending on any expenditure item budgeted **BE ALLOWED**
- xix. That an amount of R 5 million of the reduced overtime (R 21 million) be utilised **TO DETERMINE** which critical positions be filled. That a saving of R 10 million in regard to overtime, reducing the deficit **BE ACCEPTED**.
- xx. That all overtime over weekends except for essential services for example electricity, water and the Fire department **BE STOPPED** from the 1 June 2020. That no further payments of overtime for these other services, then essential to **BE DETERMINED** by Council , **BE PAID**
- xxi. That existing vacancies, if found to be critical and especially in the case of vacant general labourers of which positions became vacant from the 1 July 2019 and was not filled , **TO BE FILLED To** reduce overtime payments. :
- xxii. Acting allowances must **BE LIMITED**. Payment of acting allowances to junior staff acting in their immediate senior's position whilst the Director or another capable manager could hold the ford, whilst the incumbent is off sick or on vacation should **BE STOPPED WITH IMMEDIATE EFFECT**. No such appointments of unnecessary acting positions **BE ALLOWED**.
- xxiii. That **internal capital funded budget requests** by Directors, other the provision for the purchase and installation of meters in the amount of R 3 million **BE LIMITED** to R 2 million.
- xxiv. Contracted services **TO BE LIMITED and BE PHASED** out where possible.
- xxv. That Council approved the reduction of Security services costs with 30% .The principal decision **BE MADE** is that security systems (example cameras and security gates with

access control need to replace human security as this contracts could be cut by 50% or more to assist in the reduction of expenditure in future)

- xxvi. That Council **TO APPROVE** the reduction of Traveling and accommodation to 20% of the original 2019/2020 spending of this item.
- xxvii. That an increase of 3, 5% (one percent below CPI as per MFMA circular 99) **BE APPROVED** regarding other material, repairs and maintenance and general expenditure.
- xxviii. Catering to **BE CONTROLLED** in full by the Accounting officer, office as per the Cost containment regulations, not to supply food and drink for a meeting, less than 5 hours, as gazetted per Regulation in June as amended in July 2020.
- xxix. Helicopter (Fire prevention) services to **BE NEGOTIATED** with Sappi, the District and surrounding framers and the municipalities as to see if the service could not be partly or wholly subsidised by them as they are enjoying the benefits of such a service rendered by the municipality. That it **BE APPROVED** that no provision was included for such a Helicopter service expense for 2020-21 financial year.
- xxx. Free basic services only to **BE RENDERED** to registered Indigents: That the ward Councillor's during June 2020 public participation **TO ENCOURAGE** registration before the 1 July 2020
- 3) That the tariff policy and tariff increases (VAT excluded) as included in Annexure F, **BE APPROVED** and **BE IMPLETED** from the 1 July 2020. That the tariffs **BE ADVERTISED** as required per section 75 A of the Municipal systems act (Act 32 of 2000)
- 4) That the fleet budget as per Annexure C in the amount of R 9,2 million **BE CONSIDERED** and that it **BE NOTED** that the funding of such capital expenditure, subject to application approval, **BE INCUR** through hire purchase with a registered bank. That the repayment period **BE FIXED** at 48 months.
- 5) That the Capital budget contained in Annexure D in the amount of R 144,872 million grant funded and R 5 million internal financed, **BE CONSIDERED** as to ensure that the budget is funded when approved.
- 6) That the Budget policies as per Annexure E, that were reviewed **BE NOTED** and that the contents per cover page **BE CONSIDERED** during June 2020 section 80 committee as to finalise the contents and to **BE APPROVED** in the June 2020 Council meeting



Certified as true resolution
Director Corporate Services
Mr. P.S. Mabuza

May 28, 2020

Date